exceeds the basic exemption limit. The new condition is not directed against any particular class of assessees. Those assessees, whose total income so justifies, may obtain certificate for no deduction of tax or lower deduction of tax from their Assessing Officer under the existing provisions of Section 197 of Income Tax Act, 1961.

(d) No such proposal is under consideration.

TDS on rail pass facility

5037. SHRI B. J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether the railway staff, including retired officials, enjoying free railway pass facility would be taxed at source henceforth;

(b) if so, what are the salient features of the orders and the date from which it would be effective;

(c) the approximate tax amount per annum which Government would garner from the employees; and

(d) whether Government have received threats from railway employees for going on strike; if so, the measures proposed to be taken to educate and pacify them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The Government has *vide* Notification S.O. 940(E) dated 25.9.2001 has amended rule 3 of the Income Tax Rules, 1962 whereby, the value of any benefit or amenity resulting from the provision by any undertaking engaged in the carriage of passenger or goods to any employees or to any member of his family for personal or private journey free of cost or at a concessional rate is treated as a perquisite to the extent of the amount that this facility costs to the public and reduced by the amount recovered from the employee.

Non-monetary perquisites are chargeable to tax only in the case of employees who draw gross salary above Rs. 80,000 per annum.

Tax is deducted at source on salary income at an average rate, in case the income of the employee is above the minimum limit for chargeability to taxation. If the employee is not liable to pay any tax on salary or is exempt from tax on perquisites, no tax is required to be deducted at source.

(c) By application of the provision of clause (6) of the amended Rule, 3, a sizeable amount of revenue is expected to be collected.

(d) Yes, Sir. The Ministry of Railways has received representation made by various labour federation of the Railways.

Most of the Group-D employees constituting 41% of the total workforce and a large section of Group-C employees constituting 58% of the total work force, will be automatically exempted from the application of this rule. In the case of retired employees, almost all of them would be exempt from this provision.

Losses incurred by RRBs

5038. SHRI K. M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a number of Regional Rural Banks (RRBs) have been incurring financial losses;

(b) if so, the reasons therefor;

(c) whether RBI propose to provide refinance facility to the loss making RRBs so as to make them financially viable;

(d) if so, the details thereof;

(e) whether Government have appointed any Expert Committee to study and revamp the functioning of RRBs; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Prior to the introduction of financial sector reforms, the Regional Rural Banks (RRBs) were plagued by low profitability due to increasing cost and decreasing spread, high and mounting non-performing assets, deteriorating industrial relations, resulting in huge losses and consequent erosion in their capital base. The fragile State of the RRBs necessitated initiation of several policy measures by the Government which *inter-alia*, include recapitalisation, financial, structural and operational measures. These measures have been very successful and have brought in the desired results. As on March 2001, out of 196 RRBs, only 26 RRBs are incurring losses and 170 RRBs have earned profit.

(c) No, Sir.

(d) Does not arise.